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THE EFFECT OF FREE WOOL IN THE  
NORTHWEST, 1893-96

The recent report of the Tariff Board on Wool and Woolens and the discussion on a revision of this schedule have turned attention again to the problem of the future of sheep growing in the United States. It is commonly admitted that there will always be a certain number of sheep raised as a by-product of farming. Farmers are recognizing that the benefits of keeping a few head of sheep, to consume the waste pasture and fertilize the soil, are greater than they had supposed. As the price of mutton rises, it will become more and more profitable to increase the number of sheep on the farms. There are also a few limited areas, of no value for agriculture, which may be devoted to sheep raising. Such is the case with certain arid tracts in Wyoming and Idaho. But the number of sheep which these areas will support is insignificant in comparison with the number now raised where sheep growing is carried on as an independent industry. The problem before the public is whether any changes in the tariff or other forces will so alter conditions that sheep raising will no longer continue as a separate business.

Some light has been thrown on this problem by the free wool episode of 1894 to 1897. During each of these years the number of sheep in the northwest states increased. The conclusion has been drawn from this fact that the industry was in such a prosperous condition that it could thrive in spite of the tariff. Professor Chester W. Wright, in his *Wool-Growing and the Tariff*, expresses this view when he says: "All of these states ended the period of combined industrial depression and free wool with more sheep than they had at the beginning — a fact which cannot but lead one to raise the question how necessary the protective tariff is for the wool-growers of this section." <sup>1</sup>

It is my opinion, however, that the increase in the flocks during this period has been misinterpreted and that there are

<sup>1</sup> *Wool-Growing and the Tariff*, p. 305.

no grounds for believing that the industry was flourishing under free wool. In fact the opposite was true.

The free wool period was not only short, but expected to be short. From the very passage of the free wool act in 1894, sheep growers looked forward, with hope of a Republican victory in 1896. The defeat of the Democrats in many states in 1894 strengthened their hope. It was confidently expected that, should the Republicans win the election of 1896, former conditions would be restored. Prices of sheep during the period were cut in half. Ewes which easily brought \$3.50 in 1892 could not be sold for \$2.00 in 1894. To sell at such prices meant ruin to most owners. If a man was not forced by his creditors to sell, there was but one thing to do — to let the flocks continue to grow normally and to hold over as many sheep as possible, in hope of a Republican victory in 1896. This is what was done, and this explains the continued growth in the number of sheep in the northwest states, despite the depressed conditions. If the Republicans had not won in 1896 and if there had been no hope of renewed protection, there would have been a very sudden reduction in the number of sheep in the western states.

To confirm this view, reference may be made to the statistics on the shipments of sheep out of one state. They show that the usual number were not shipped during the free wool years, and that there was a sudden increase thereafter. We have the figures of shipments out of Montana.<sup>1</sup>

1893	315,000	1896	600,000
1894	300,000	1897	727,592
1895	280,000	1898	583,320

In 1896 the shipments doubled, and they continued large during the following three years. The explanation of the large shipment in 1896 lies in the fact that prices quickly rose after the election; and on account of financial troubles it was necessary to realize on the stock as soon as possible. The small shipments in 1893-95 explain the increase in

<sup>1</sup> Montana Bureau of Agriculture, Labor, Industry, and Publierty. Reports, 1894 to 1899

number of sheep on the range, — an increase which probably would not have continued had the period of free wool been prolonged.

Persons on the ground state emphatically that the conditions of 1893–95 were not those of prosperity. To quote the words of Senator Warren: “The fate of the ranch wool-grower during this period can be given in four words: ‘they all went broke.’” On account of the low price of sheep, those who for any reason were forced to sell lost everything. It was only by holding over till protection was renewed that the average sheepman was able to maintain himself. His capital and credit had been strained to the utmost in trying to hold his flocks over, so that by the end of the period his borrowing power at the bank had been used to the limit. A failure to regain protection would have brought bankruptcy. Some interesting stories are told of the bets which men made a few days before the election of 1896, by taking an option on flocks of sheep at a price midway between the free wool price of sheep and the normal price.

Such were the results of free wool during a period when grazing land was much less valuable than it is at present. But with the coming of the dry land farmer, the range has continually been more confined. It is generally admitted that sheep cannot be profitably raised in large flocks on land worth more than \$5 per acre. For the past four or five years the process of “cleaning up” has been going on in Montana. Men have been selling out their large flocks as fast as possible. It is probable that the outlook for a lower tariff has had little to do with this process. The sheepman is rapidly giving way to the dry land farmer, who will make it possible to dispose with profit of a large part of the range in a much more certain fashion than any act of Congress ever can. For the West, this change to a more intensive utilization of the land is one of the signs of thickening population and economic progress.

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